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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

January 7, 1954

TO THE HEADS OF DEPARTMENTS AND ESTABLISHMENTS:

SUBJECT: Fifth Annual Progress Report Under the Joint Program to
Improve Accounting in the Federal Government.

To illustrate the extent and nature of gains realized under the joint program during the calendar year ending December 31, 1953, the staffs of the Bureau of the Budget, the Treasury Department and the General Accounting Office have prepared this report in participation with your representatives.

In order that this year's accomplishments may be reviewed in the light of prior year achievements, and to give some idea of the truly remarkable aggregate progress the joint program has made toward realization of its objectives, the Introduction to the report this year includes a short summary of key developments since the program was initiated six years ago. Part I of the report covers general developments in 1953 which tend to cross agency lines and have Government-wide application. Part II of the report contains specific illustrations of what the individual departments and agencies have done this year to fulfill their responsibilities under the Budget and Accounting Procedures Act of 1950 and related laws for establishing and maintaining improved system of accounting and internal control.

In these days of vital need for more efficient and more economical administration in the Federal Government, I am sure you will be most gratified, as the Secretary of the Treasury, the Director of the Bureau of the Budget, and I have been, with the splendid contribution to better management practices made by the kind of accounting improvements and related developments summarized in this report. With the continuing cooperation and whole-hearted support of all who have the top responsibility for administering the various functions of our Federal Government, we are certain that an even greater contribution to sound public administration can be made through the combined efforts represented in the joint program.

The Secretary of the Treasury and the Director of the Bureau of the Budget join me in expressing appreciation for the conscientious work of all people in your agency who have made the program such a success to date. We also invite any suggestions which you and your representatives may have to make the program more effective.

Comptroller General
of the United States

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(5) accounts shall be utilized in cost finding processes, wherein data is obtained by analysis of revenue and expense accounts and related to supplementary statistical data; such processes being utilized where such information is needed only for a specific purpose, for instance, ascertaining the operating results of activities such as a train-run, a segment of line, or a station operation;

(6) mileage statistical records will be maintained for the purpose of accumulating data in computing mileage costs and revenues. Data is accumulated by train-miles, locomotive-miles, and car-miles. In this connection, statistical summaries of tonnage and other data are maintained, and the above data is factored into pertinent unit cost and revenue figures, which will be used for making comparisons and observing trends.

Charts and Definitions of Accounts for general and subsidiary accounts were drafted and adopted effective July 1.

Procedural Development. A detailed survey of present accounting operations was made preliminary to manualizing and placing streamlined accounting procedures into operation as soon as possible. Work in developing these procedures is presently in progress, and has been partially completed. Revised stores and moveable property accounting procedures were initiated in July, this matter being the most urgent. Revised procedures were adopted for better control of inventories, namely, (1) segregation in the accounts of stores-in-transit, (2) establishment of a stores expense account for adjustment of differences between invoice and purchase order values, discounts, etc., also to collect and distribute expenses of stores operations to beneficiary accounts, (3) accounting segregation of surplus stores material from regular stock material, evaluating same at estimated values until classified, and (4) elimination of running direct purchases through inventory accounts.

The bulk of procedure development remains to be accomplished, and it is anticipated that a program will be set up in the near future for systematizing (1) payrolls, (2) station accounting, (3) interline accounting, (4) cash accounting, (5) work orders and costs, (6) cost finding, (7) billing and collecting, (8) voucher distribution, and (9) forms and reports.

Bureau of Indian Affairs

The accounting system of the Bureau of Indian Affairs was formally approved by the Comptroller General of the United States early in the calendar year 1953 after a test period of operation.

This year has been devoted to standardizing procedures in accordance with the accounting manual, modifying the manual to reflect accounting refinements, and expediting the rendering of accounting reports.

Bureau of Land Management

Development of Manual. Development of an accounting systems manual in accordance with approved principles was begun last year and is now substantially complete. Significant features of the system are: (1) accounting is decentralized to district offices utilizing branch-type controls and substantial use of commercial practices, (b) the usual concept of property accounting is modified as not being applicable to the incalculable value of the public domain, as the Bureau, in its primary function of administering public lands maintains ownership control through operation of adequately designed public land records, (c) no provision is made for depreciation, inasmuch as this is not a significant item of cost in the Bureau's operations, (d) the bulk of Land Management accounting involves the billing, collection and distribution of moneys collected as fees for rentals, privileges, etc., from the public domain. Appropriate books or records of original entry were devised and manualized. A financial reporting system will be developed as appropriate.

Installation. A pilot installation of the system was successfully made in the Portland, Oregon, regional office. It is anticipated that the installation will be extended to all regional offices early in 1954. In the meantime the manual is being reviewed and refinements made where necessary. It is anticipated that the system will be submitted to the Comptroller General for approval next year, after sufficient operating experience has been gained.

Bureau of Mines

An improved accounting system has been developed for the Bureau of Mines, Department of the Interior, with the joint cooperation of representatives of the Office of the Secretary and the Bureau of Mines. The system was installed throughout the Bureau on July 1, 1953. The manual for the system, and the related procedures, is in the process of being edited in its final form. The manual will be completed and submitted to the Comptroller General for approval about January 1, 1954.

The accounting system was developed to fit the particular needs of the Bureau utilizing the principles of other systems within the Department. The objective of the principles used is to provide management with a tool for evaluating the financial condition and the results of operations of the different